

FarmCompany A/S

Ravnholtgyden 5, 6600 Vejen
CVR no. 32 47 06 88

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 19.05.23

Jens Ohnemus
Dirigent



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The company

FarmCompany A/S
Ravnholtgyden 5
6600 Vejen
Registered office: Vejen
CVR no.: 32 47 06 88
Financial year: 01.01 - 31.12

Executive Board

Director Hans Thor Jensen

Board of Directors

Chairman Jens Ohnemus
Director Hans Thor Jensen
Non-executive director Maria Carlsson

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for FarmCompany A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group's and parent's activities for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Vejen, May 17, 2023

Executive Board

Hans Thor Jensen
Director

Board of Directors

Jens Ohnemus
Chairman

Hans Thor Jensen
Director

Maria Carlsson
Non-executive director

To the Shareholder of FarmCompany A/S**Opinion**

We have audited the consolidated financial statements and parent company financial statements of FarmCompany A/S for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and parent company financial statements

The Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Næstved, June 2, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Daniel Lindebæk Hansen
State Authorized Public Accountant
MNE-no. mne45340

Lars Engelsted Petersen
State Authorized Public Accountant
MNE-no. mne11683

Primary activities

The Group holds 6 farm clusters in Jutland, south-west of Denmark.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of EUR 4,248,038 against EUR 377,314 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of EUR 32,826,515.

At the end of the financial year 2022, the Group holds 6 farm clusters in Jutland, south-west of Denmark, with a total area under management of approximately 2'000 hectares.

The management finds the annual result satisfactory and in line with the Group's consistent growth and developments for expected future positive results.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	Group		Parent	
	2022 EUR	2021 EUR	2022 EUR	2021 EUR
	4,941,420	2,734,318	-483,880	-430,046
2	-1,640,011	-1,304,365	-34,911	0
	3,301,409	1,429,953	-518,791	-430,046
	-1,200,541	-731,559	-864	-864
	2,100,868	698,394	-519,655	-430,910
	848,713	212,735	0	0
	-62,735	-80,830	0	0
	2,886,846	830,299	-519,655	-430,910
3	0	0	4,653,788	716,267
4	1,375	293	0	0
	3,462,738	21,106	0	0
	-875,584	-374,134	-497	-3,789
	5,475,375	477,564	4,133,636	281,568
	-1,227,337	-100,250	114,402	95,746
	4,248,038	377,314	4,248,038	377,314
Proposed appropriation account				
	0	0	4,653,788	716,267
	4,248,038	377,314	-405,750	-338,953
	4,248,038	377,314	4,248,038	377,314

Note	ASSETS				
	Group		Parent		
	31.12.22 EUR	31.12.21 EUR	31.12.22 EUR	31.12.21 EUR	
	Acquired rights	0	403,040	0	0
	Total intangible assets	0	403,040	0	0
	Land and buildings	11,468,779	11,230,364	0	0
	Investment properties	30,539,437	28,045,431	0	0
	Other fixtures and fittings, tools and equipment	3,869,182	3,618,843	848	1,712
	Biological assets	2,236,653	1,969,004	0	0
	Property, plant and equipment under construction	15,766	17,481	0	0
5	Total property, plant and equipment	48,129,817	44,881,123	848	1,712
6	Equity investments in group enterprises	0	0	10,812,080	5,234,250
6	Equity investments in participating interests	147,260	99,861	0	0
6	Other investments	313,409	347,133	255,092	291,200
	Deposits	2,999	2,999	0	0
	Total investments	463,668	449,993	11,067,172	5,525,450
	Total non-current assets	48,593,485	45,734,156	11,068,020	5,527,162
	Raw materials and consumables	1,743,128	1,326,200	0	0
	Manufactured goods and goods for resale	0	11,912	0	0
	Biological assets	1,035,872	672,817	0	0
	Total inventories	2,779,000	2,010,929	0	0
	Trade receivables	1,325,153	1,159,334	0	0
	Receivables from group enterprises	0	0	21,495,598	21,790,789
	Deferred tax asset	0	0	197,959	262,869
	Income tax receivable	0	0	106,855	0
	Other receivables	50,147	726,751	18,336	0
	Prepayments	63,712	51,601	5,290	4,277
7	Total receivables	1,439,012	1,937,686	21,824,038	22,057,935
	Cash	69,071	176,328	2,520	85,677
	Total current assets	4,287,083	4,124,943	21,826,558	22,143,612
	Total assets	52,880,568	49,859,099	32,894,578	27,670,774

EQUITY AND LIABILITIES		Group		Parent	
		31.12.22 EUR	31.12.21 EUR	31.12.22 EUR	31.12.21 EUR
Note					
	Share capital	20,506,918	20,506,918	20,506,918	20,506,918
	Revaluation reserve	3,042,661	2,120,747	0	0
	Reserve for net revaluation according to the equity method	0	0	10,767,812	5,189,982
	Retained earnings	9,276,936	5,026,770	1,551,785	1,957,535
	Total equity	32,826,515	27,654,435	32,826,515	27,654,435
	Provisions for deferred tax	1,873,861	900,884	0	0
	Total provisions	1,873,861	900,884	0	0
8	Mortgage debt	16,269,422	19,469,711	0	0
8	Deposits	27,351	30,420	0	0
	Total long-term payables	16,296,773	19,500,131	0	0
8	Short-term part of long-term payables	331,932	334,892	0	0
	Payables to other credit institutions	17	303,580	17	17
	Prepayments received from customers	1,651	1,651	0	0
	Trade payables	626,159	827,960	65,279	5,602
	Payables to group enterprises	0	0	1,262	1,262
	Income taxes	685,900	174,113	0	0
	Other payables	234,280	160,783	1,505	9,458
	Deferred income	3,480	670	0	0
	Total short-term payables	1,883,419	1,803,649	68,063	16,339
	Total payables	18,180,192	21,303,780	68,063	16,339
	Total equity and liabilities	52,880,568	49,859,099	32,894,578	27,670,774

9 Fair value information

10 Contingent liabilities

11 Charges and security

Statement of changes in equity

Figures in EUR	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Retained earnings	Total equity
Group:					
Statement of changes in equity for 01.01.21 - 31.12.21					
Balance as at 01.01.21	19,364,021	1,525,158	0	4,292,353	25,181,532
Capital increase	1,142,897	0	0	357,103	1,500,000
Revaluations during the year	0	595,589	0	0	595,589
Net profit/loss for the year	0	0	0	377,314	377,314
Balance as at 31.12.21	20,506,918	2,120,747	0	5,026,770	27,654,435
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	20,506,918	2,120,747	0	5,026,770	27,654,435
Revaluations during the year	0	1,276,067	0	0	1,276,067
Dissolution of revaluations in respect of previous years	0	-91,398	0	0	-91,398
Other changes in equity	0	1,758	0	-1,758	0
Tax on changes in equity	0	-260,627	0	0	-260,627
Transfers to/from other reserves	0	-3,886	0	3,886	0
Net profit/loss for the year	0	0	0	4,248,038	4,248,038
Balance as at 31.12.22	20,506,918	3,042,661	0	9,276,936	32,826,515

Statement of changes in equity

Figures in EUR	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Retained earnings	Total equity
Parent:					
Statement of changes in equity for 01.01.21 - 31.12.21					
Balance as at 01.01.21	19,364,021	0	3,878,126	1,939,385	25,181,532
Capital increase	1,142,897	0	0	357,103	1,500,000
Revaluations during the year	0	0	595,589	0	595,589
Net profit/loss for the year	0	0	716,267	-338,953	377,314
Balance as at 31.12.21	20,506,918	0	5,189,982	1,957,535	27,654,435
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	20,506,918	0	5,189,982	1,957,535	27,654,435
Revaluations during the year	0	0	924,042	0	924,042
Net profit/loss for the year	0	0	4,653,788	-405,750	4,248,038
Balance as at 31.12.22	20,506,918	0	10,767,812	1,551,785	32,826,515

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

	Recognised in the income statement in:	Group		Parent	
		2022 EUR	2021 EUR	2022 EUR	2021 EUR
Special items:					
Capital gains, payables	Financial income	3,420,419	0	0	0

		Group		Parent	
		2022 EUR	2021 EUR	2022 EUR	2021 EUR

2. Staff costs

Wages and salaries	1,549,117	1,207,649	30,707	0
Pensions	3,453	1,976	0	0
Other social security costs	28,818	27,362	490	0
Other staff costs	58,623	67,378	3,714	0
Total	1,640,011	1,304,365	34,911	0

Average number of employees during the year	28	23	1	0
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3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	4,653,788	716,267
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	Group		Parent	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR

4. Income from participating interests

Share of profit or loss of participating interests	462	293	0	0
Dividend, participating interests	913	0	0	0
Total	1,375	293	0	0

5. Property, plant and equipment

Figures in EUR	Land and buildings	Investment properties	Other fixtures and fittings, tools and equipment	Biological assets	Property, plant and equipment under construction
Group:					
Cost as at 01.01.22	12,585,496	22,684,370	5,036,934	1,969,004	17,481
Additions during the year	552,946	554,910	875,487	94,021	15,766
Disposals during the year	0	-165,472	-147,815	0	0
Transfers during the year to/from other items	0	0	0	0	-17,481
Cost as at 31.12.22	13,138,442	23,073,808	5,764,606	2,063,025	15,766
Revaluations as at 01.01.22	0	5,340,482	0	0	0
Revaluations during the year	0	2,125,147	0	0	0
Revaluations as at 31.12.22	0	7,465,629	0	0	0
Depreciation and impairment losses as at 01.01.22	-1,317,069	0	-1,418,091	0	0
Depreciation during the year	-352,594	0	-535,157	0	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	57,824	0	0
Depreciation and impairment losses as at 31.12.22	-1,669,663	0	-1,895,424	0	0
Fair value adjustments during the year	0	0	0	173,628	0
Fair value adjustments as at 31.12.22	0	0	0	173,628	0
Carrying amount as at 31.12.22	11,468,779	30,539,437	3,869,182	2,236,653	15,766
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.22	11,468,779	23,073,808	3,869,182	2,063,025	15,766

5. Property, plant and equipment - continued -

Figures in EUR	Land and buildings	Investment properties	Other fixtures and fittings, tools and equipment	Biological assets	Property, plant and equipment under construction
Parent:					
Cost as at 01.01.22	0	0	3,621	0	0
Cost as at 31.12.22	0	0	3,621	0	0
Depreciation and impairment losses as at 01.01.22	0	0	-1,909	0	0
Depreciation during the year	0	0	-864	0	0
Depreciation and impairment losses as at 31.12.22	0	0	-2,773	0	0
Carrying amount as at 31.12.22	0	0	848	0	0

6. Investments

Figures in EUR	Equity invest- ments in group enterprises	Equity investments in participating interests	Other invest- ments
Group:			
Cost as at 01.01.22	0	104,794	492,098
Additions during the year	0	42,466	20,485
Disposals during the year	0	0	-4,139
Cost as at 31.12.22	0	147,260	508,444
Depreciation and impairment losses as at 01.01.22	0	0	-149,898
Impairment losses during the year	0	0	-45,137
Depreciation and impairment losses as at 31.12.22	0	0	-195,035
Carrying amount as at 31.12.22	0	147,260	313,409
Parent:			
Cost as at 01.01.22	44,268	0	441,098
Additions during the year	0	0	9,029
Cost as at 31.12.22	44,268	0	450,127
Revaluations as at 01.01.22	5,189,982	0	0
Net profit/loss from equity investments	4,653,788	0	0
Other adjustments relating to equity investments	924,042	0	0
Revaluations as at 31.12.22	10,767,812	0	0
Depreciation and impairment losses as at 01.01.22	0	0	-149,898
Impairment losses during the year	0	0	-45,137
Depreciation and impairment losses as at 31.12.22	0	0	-195,035
Carrying amount as at 31.12.22	10,812,080	0	255,092

6. Investments - continued -

Name and registered office:	Ownership interest
Subsidiaries:	
Ravninggaard ApS, Vejen	100%
Vestergaard Hejnsvig ApS, Vejen	100%
Ravnholtgård ApS, Vejen	100%
Nørregaard Årre ApS, Vejen	100%
Møllegaard ApS, Vejen	100%
Bøgeskovgaard ApS, Vejen	100%

	Group		Parent	
	31.12.22	31.12.21	31.12.22	31.12.21
	EUR	EUR	EUR	EUR

7. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	0	0	21,495,598	0
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8. Long-term payables

Figures in EUR	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Group:				
Mortgage debt	331,932	14,900,000	16,601,354	19,804,603
Deposits	0	0	27,351	30,420
Total	331,932	14,900,000	16,628,705	19,835,023

9. Fair value information

Figures in EUR	Investment properties	Biological assets	Inventories (biological assets)	Total
Group:				
Fair value as at 31.12.22	30,539,437	2,236,653	1,035,872	33,811,962
Unrealised changes of fair value recognised in the income statement for the year	848,713	173,628	142,499	1,164,840
Unrealised changes of fair value recognised in equity for the year	1,276,076	0	0	1,276,076

The company's land holdings are recorded at fair value calculated by an independent valuer.

The company's holdings, which are measured at fair value, relate to herds consisting of cows, heifers, calves and bulls. The biological assets are measured annually based on an active market at indicative market values calculated by SEGES.

10. Contingent liabilities

Group:

Other contingent liabilities

The company has concluded a performance agreement to settle 10% of the value added in the affiliated companies when they are disposed of amount of liability as of 31 December is EUR 843.506.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The company has concluded a performance agreement to settle 10% of the value added in the affiliated companies when they are disposed of amount of liability as of 31 December is EUR 843.506.

The parent Company has submitted a statement of resignation to subsidiaries. The statement of resignation amount EUR 21.196k and continues until 31.12.2023.

11. Charges and security

Group:

The group has issued mortgage deeds registered to the mortgagor in the total amount of EUR 16.601k secured upon land and buildings and investment properties with a carrying amount of EUR 42.008k.

Parent:

The company has not provided any security over assets.

12. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises held by the group for the purpose of furthering its own activities through a permanent affiliation, and in which the group does not exercise significant influence or control, are considered participating interests.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

12. Accounting policies - continued -**CURRENCY**

The annual report is presented in Euro (EUR).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

INCOME STATEMENT**Gross result**

Gross result comprises revenue, change in inventories of finished goods and work in progress, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

12. Accounting policies - continued -**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	10	0
Buildings	50	25
Other plant, fixtures and fittings, tools and equipment	3 - 10	0-20

Land is not depreciated.

Investment properties are not depreciated.

Biological assets are not depreciated.

12. Accounting policies - continued -

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Fair value adjustment of investment properties

Unrealised value adjustments of investment properties and realised gains and losses on the sale of assets are recognised in the fair value adjustment of investment properties.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises as well as participating interests

For equity investments in participating interests and in the parent also equity investments in subsidiaries that are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For participating interests only the proportionate share of intercompany gains and losses is eliminated.

Income from equity investments in equity investments in subsidiaries as well as participating interests also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

12. Accounting policies - continued -

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Investment properties

Investment properties comprise investments in land and buildings set out for rent. Investment properties are recognised at cost at the date of acquisition. Cost comprises the purchase price plus expenses resulting directly from the purchase until the asset is ready for use. Investment properties are subsequently measured at fair value. An independent valuer has been used to determine the fair value

Biological assets

On initial recognition, biological assets, which comprise living plants and animals that are biological transformed and acquired for the purpose of sale, conversion, consumption or breeding/culture of further animals and plants, are measured at cost. Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Subsequent to initial recognition,

12. Accounting policies - continued -

biological assets are measured in the balance sheet at fair value less costs to sell. Fair value is determined at the most recent selling prices ascertained in markets for similar assets.

Other property, plant and equipment

Other property, plant and equipment comprise land and buildings as well as other fixtures and fittings, tools and equipment.

Other property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Other property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises as well as participating interests*Equity investments in group enterprises*

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

12. Accounting policies - continued -

Participating interests

In the balance sheet, participating interests are recognised and measured according to the equity method. For participating interests, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

12. Accounting policies - continued -

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

On initial recognition, biological assets, which comprise living plants and animals for biological transformation, acquired for the purpose of sale, conversion, consumption or breeding/culture of further animals and plants, are measured at cost. Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. During the period of growth and until the time of harvest, biological assets are measured in the balance sheet at fair value less expected selling costs. Fair value is the amount at which the assets could be sold to an independent buyer. Fair value is determined at the most recent selling prices ascertained in markets for similar assets.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

12. Accounting policies - continued -

Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost.

Cash

Cash includes deposits in bank account.

Equity

Revaluation reserve comprises in the financial statements of the parent revaluation of land and buildings at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation and amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

12. Accounting policies - continued -**Payables**

Deposits recognised under liabilities comprise deposits received from lessees under the company's leases.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.